

MICHIGAN STATE MEDICAL SOCIETY

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House Insurance Committee

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Testimony in opposition to House Bill 4792

The Michigan State Medical Society (MSMS) represents more than 15,000 physicians from across the state. On behalf of those members, MSMS is opposed to House Bill 4792. This legislation is designed to impose a fee schedule upon physicians and other providers of health care services to patients covered by auto no-fault insurance.

House bill 4792 seeks to have the government intervene in a private relationship between an insurer and a physician practice by stipulating what fees may be charged for services. While this legislation may be desirable for the insurance companies, it puts physicians at a disadvantage and places patients at risk.

- **Current fees are not excessive:** The no-fault statute dictates that fees may not exceed the amount charged for similar services. In other words, physician offices may not gauge insurers for the services they provide. Auto-insurers pay the same amount as any other individual or plan that does not have a contract with the physician practice.
- **Auto Insurers are not treated differently than other insurers:** Insurance companies are not entitled to discounted fees. Private contracts dictate the terms of payment to the physician by the insurer. Physicians and insurers may have a variety of reasons to sign a contract. Health plans typically can offer patient volume or administrative advantages in exchange for the physician discounting his or her fee.
- **No contract, no discount:** Physicians who are not contracted with a health plan that provide services to patients covered by that plan charge their usual and customary fee and are not obligated to discount to the limits set by the insurer.
- **Access will suffer:** Auto accidents are a significant contributing factor in determining the trauma capacity needs within a community. Surgeons and other physicians are willing to accept call for emergency cases because the existing payer mix supports the demand for physician services. If physician fees are forcibly reduced, the remaining cases, which tend to include high numbers of uninsured and underinsured patients, will not be sustainable. It is easy to envision this legislation precipitating a crisis of access for surgical care in many communities.
- **Fee schedules cannot compel physician participation:** Under Workers' Compensation, physicians are not obligated to participate with the program if it does not make sense for their practice. Many physicians do not accept any patients covered by workers' compensation. The existing fee structure of the auto no-fault system essentially guarantees access to the care patients need.

House Bill 4792 is not about reducing premiums for drivers, it is about reducing fees for physicians and other providers. In spite of fee schedules in other types of insurance, nearly all lines of insurance continue raise premiums to cover their costs. This legislation relies on the promises of the insurance industry to pass on any potential savings to their customers. Imposing a fee schedule interferes with a private contract and jeopardizes patient access, therefore MSMS opposes House Bill 4792.

